

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: September 30, 2005

Subject: August 2005 Financial Report

Attached is the Monthly Financial and Operations Report for the period ending August 31, 2005.

GENERAL FUND

We currently project a \$6.4 million shortfall for the general fund in fiscal year 2006, or \$10.5 million less than the shortfall reported last month. The major factor in this change is a \$10.8 million increase in our projection for property taxes. This is due to higher than expected property values from the Appraisal District. There was also an increase in our projection for Gas Franchise Fees of \$1.7 million due to increased projections from CenterPoint Energy.

Projected expenditures have increased \$5.4 million due to higher electricity costs for Public works and Engineering. This increase is offset by a \$3.5 million decrease in police expenditures related to personnel costs, for an anticipated net increase in expenditures of \$1.9 million.

ENTERPRISE FUND

There are no changes this month in our projections for the Aviation and Convention and Entertainment departments.

The Combined Utility System Fund shows an increase of \$1.1 million in income before transfers. This increase is due to an increase in interest earnings projections for the fiscal year.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

General Obligation	18.9%
Combined Utility System	21.7%
Aviation	21.7%
Convention and Entertainment	27.4%

Respectfully submitted,



Annise D. Parker
City Controller